

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
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FM AMEMBASSY LUSAKA
TO SECSTATE WASHDC 8225
AMEMBASSY LONDON

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E.O. 11652: N/A
TAGS: EFIN EGEN
SUBJ: ZAMBIA TO FORM AID DONORS CLUB

REF: LUSAKA 1107

1. ACCORDING TO NEWS REPORTS, ZAMBIAN MINISTER OF FINANCE JOHN MWANAKATWE IS NOW IN LONDON FOR TALKS AIMED AT FORMING AN AID DONORS CLUB TO ASSIST ZAMBIA WITH ITS ECONOMIC DIFFICULTIES. THE TALKS IN LONDON WITH BRITISH TREASURY AND OTHER OFFICIALS WOULD BE FOLLOWED BY TALKS IN WASHINGTON WITH THE WORLD BANK. THE WORLD BANK IS REPORTED TO HAVE AGREED TO CHAIR A CONSULTATIVE GROUP MADE UP OF INDIVIDUAL BILATERAL DONORS TO ZAMBIA.

2. THE MINISTER AND GOVERNOR OF THE BANK OF ZAMBIA, LUKE MWANANSHIKU, HAVE STATED THAT THE RECENTLY NEGOTIATED IMF AGREEMENT WITH ZAMBIA CALLED FOR DIFFICULT MEASURES BUT THAT ZAMBIA HAD NO CHOICE BUT TO COMPLY. AGREEMENT WITH THE IMF WAS A PRECONDITION FOR THE FORMATION OF A CONSULTATIVE GROUP CHAIRED BY THE WORLD BANK. ZAMBIA HAS TAKEN THE NECESSARY STEPS TO MEET THE IMF DEMANDS
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BY REDUCING GOVERNMENT EXPENDITURE, CUTTING SUBSIDIES, REDUCING REDUNDANCIES IN THE MINING SECTOR AND CURTAILING DEVELOPMENT PROJECTS. ONLY AGRICULTURAL DEVELOPMENT HAD BEEN "SPARED THE AX."

3. AS DEPARTMENT AWARE (REFTEL), MWANAKATWE IS IN LONDON TO TRY TO RENEGOTIATE LOANS GUARANTEED BY BRITAIN'S EXPORT

CREDIT GUARANTEE DEPARTMENT AND IS INTERESTED IN SIMILAR ACTION
BY THE US ON EXIM GUARANTEED LOANS. THE BRITISH HAVE INFORMED
US THAT THE MATTER OF ADDITIONAL BILATERAL AID WILL ALSO
BE DISCUSSED AT THE LONDON MEETING. WE WILL ADVISE DEPARTMENT
OF THE RESULTS OF THE ZAMBIAN/UK TALKS WHEN THEY ARE CONCLUDED.
CLINGERMAN

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Message Attributes

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Draft Date: 22 apr 1978
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Disposition Approved on Date:
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